

Message Text

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ORIGIN DOE-15

INFO OCT-01 EA-10 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 H-01 INR-10 INT-05 L-03
NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-07 SP-02
SS-15 STR-07 TRSE-00 ACDA-12 /126 R

DRAFTED BY USDOE:GFHELFRICH:RAE
APPROVED BY OES/NET:DHOYLE
US IA:HDBENGELSDORF
EA/J: H COCHRAN
T/D: D WELCH ACDA:F BUCHHOLZ
PM/NPP: COL. STEINER
L/N: R BETTAUER/R SLOAN
-----016526 310048Z /63
P 302131Z MAY 78
FM SECSTATE WASHDC
TO AMEMBASSY TOKYO PRIORITY

C O N F I D E N T I A L STATE 136668

E.O. 11652: GDS

TAGS: TECH, ENRG

SUBJECT: KANSAI ELECTRIC POWER COMPANY REQUEST TO TRANSFER
IRRADIATED FUEL TO FRANCE

1. KANSAI ELECTRIC POWER COMPANY (KEPCO) HAS RECENTLY
REQUESTED USG APPROVAL TO RETRANSFER 29 TONS (13.4 TONS IN
AUGUST 1978 AND 15.6 TONS IN JANUARY 1979) OF SPENT
NUCLEAR FUEL FROM THE TAKAHAMA NO. (1) NUCLEAR POWER PLANT
TO COGEMA IN FRANCE FOR REPROCESSING. REPROCESSING WOULD
BE ACCOMPLISHED UNDER CONTRACT THAT KEPCO SIGNED WITH
COGEMA IN 1975; TRANSPORTATION WOULD BE BY BNFL'S NEWLY
CONSTRUCTED SHIP, PACIFIC FISHER, UNDER CONTRACT SIGNED
WITH THAT FIRM ALSO IN 1975. TEPCO HAS SIMILAR REPRO-
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CESSING CONTRACT WITH BNFL FOR FUKUSHIMA FUEL AND BOTH
TEPCO AND JAPCO HAVE CONTRACTS WITH BNFL FOR USE OF
PACIFIC FISHER.

2. DURING RECENT VISIT OF NOSENZO AND GROUP TO TOKYO THEY
DISCUSSED THESE REQUESTS WITH YAMAMOTO OF MITI AND OTA OF
MOFA. IN THE DISCUSSIONS, NOSENZO POINTED OUT THAT THE

KANSAI REQUEST PRESENTED SOME UNIQUE PROBLEMS AS WILL BE EXPLAINED LATER AND COULD BE BEST CONSIDERED IN THE CONTEXT OF RESOLVING THE TOTALITY OF THE NUCLEAR ISSUES WHICH NEED TO BE ADDRESSED IN THE NEAR TERM BY OUR TWO

COUNTRIES. THESE INCLUDE THE RENEGOTIATION OF OUR AGREEMENT FOR COOPERATION, THE TOKAI FOLLOW-ON, THE LONG TERM REPROCESSING CONTRACTS WITH BNFL AND COGEMA AND THE JAPANESE PLANS FOR FURTHER DOMESTIC REPROCESSING CAPABILITY. SUCH CONSIDERATION WILL TAKE TIME, HOWEVER, AND HE URGED THE JAPANESE TO LOOK INTO WHETHER OR NOT THE KANSAI REQUEST COULD BE DEFERRED UNTIL NEXT YEAR. ONE POSSIBILITY SUGGESTED WAS THAT JAPCO OR TEPCO, WHICH HAVE MORE CRITICAL STORAGE PROBLEMS, MIGHT SHIP FUEL TO COGEMA IN PLACE OF KANSAI THEREBY AVOIDING PLACING KANSAI IN POSSIBLE CONTRACT DEFAULT DURING CURRENT JAPANESE FISCAL YEAR. IT WAS NOTED THAT THIS MIGHT NOT BE FEASIBLE BUT IT WAS BEING SUGGESTED IN ORDER TO GET THE JAPANESE TO START THINKING ABOUT WAYS IN WHICH THE KANSAI REQUEST MIGHT BE DEFERRED WHILE WE TRIED TO DEVELOP AN OVERALL APPROACH TO US-JAPANESE NUCLEAR COOPERATION.

3. YAMAMOTO AND OTA AGREED TO CONSIDER IF THERE ARE ANY POSSIBILITIES OF DEFERRING THE KANSAI REQUEST. EMBASSY IS REQUESTED TO CONTACT THEM TO DETERMINE STATUS OF THEIR CONSIDERATION OF THIS SUBJECT.
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4. IN THE MEANTIME, SINCE THE ADMINISTRATION IS REQUIRED TO UNDERTAKE EXPEDITIOUS REVIEW OF THE KANSAI REQUEST, WE WOULD APPRECIATE EMBASSY VIEWS ON CERTAIN ASPECTS OF THE CASE.

5. IN MAKING THEIR RESPONSE, KEPCO HAS NOTED THAT IT IS NOT BASED ON IMMEDIATE LACK OF SPENT FUEL STORAGE CAPACITY SINCE THE TAKAHAMA POOL WAS REDESIGNED AND RE-RACKED PRIOR TO COMPLETION OF CONSTRUCTION IN 1975. INSTEAD IT IS BASED ON FOLLOWING FACTORS (A) COMMITMENT TO LOCAL POPULATION, LOCAL GOVERNMENTS AND TO MITI TO DEVELOP FIRM PLAN FOR TIMELY REMOVAL OF SPENT FUEL FROM TAKAHAMA SITE AND STRONG LOCAL ATTITUDES THAT FUEL SHOULD BE SHIPPED OUT OF PREFECTURE ON PROMPT BASIS, (B) NEED TO MAINTAIN OPERATIONAL FLEXIBILITY BY REMOVING SPENT FUEL FROM SITE AS OPPORTUNITIES ARE AVAILABLE RATHER THAN WAIT UNTIL STORAGE CAPACITY FULLY UTILIZED AT WHICH TIME SHIPPING OPPORTUNITIES MIGHT NOT BE AVAILABLE RESULTING IN DISRUPTION OF OPERATION AND (C) LIKELIHOOD OF SIGNIFICANT FINANCIAL PENALTIES BEING INCURRED BY KEPCO UNDER THE CONTRACTS WHICH WERE ENTERED INTO IN GOOD FAITH BY THEM

AT A TIME WHEN USG POLICY ON REPROCESSING WAS LESS STRINGENT THAN AT PRESENT.

6. IN AMPLIFYING ON ITEM (A) KEPKO REPS EXPRESSED CONCERN THAT THE UNCERTAINTIES THAT WOULD BE RAISED ABOUT THEIR OVERALL SPENT FUEL MANAGEMENT PLAN IF THIS REQUEST

WERE TO BE DENIED COULD RESULT IN SUFFICIENT CONCERN ON THE PART OF THE LOCAL POPULATION AND LOCAL GOVERNMENTS THAT THEY WOULD BE FORCED TO SHUT DOWN THE TAKAHAMA STATION. THEY ALSO ADDED THAT THEY HAVE JUST RECENTLY OBTAINED APPROVAL IN PRINCIPLE OF THE LOCAL INHABITANTS AND LOCAL GOVERNMENTS TO APPLY FOR GOVERNMENTAL AUTHORIZATION TO CONSTRUCT TAKAHAMA UNITS NUMBER THREE AND FOUR. CONFIDENTIAL

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DENIAL OF THIS REQUEST COULD, IN THEIR VIEW, RESULT IN WITHDRAWAL OR JEOPARDY OF THIS APPROVAL AND FORCE CANCELLATION OF PLANS FOR THESE TWO UNITS WITH SERIOUS ADVERSE EFFECTS ON JAPAN'S NUCLEAR POWER PROGRAM.

7. AS EMBASSY CAN APPRECIATE REQUEST IS BASED ON SEVERAL UNIQUE FACTORS NOT PREVIOUSLY INVOLVED IN SUCH CASES. US POLICY IS TO CONSIDER SUCH REQUEST ON CASE BY CASE BASIS AND TO APPROVE THEM ONLY WHEN THERE IS URGENT NEED FOR THE TRANSFER. ALL SUCH CASES APPROVED SINCE ADOPTION OF THIS POLICY, INCLUDING THOSE OF JAPCO, HAVE INVOLVED LACK OF ADEQUATE SPENT FUEL STORAGE CAPACITY AND COMMITMENT ON PART OF REQUESTING UTILITY TO INVESTIGATE FEASIBILITY OF EXPANDING STORAGE CAPACITY. NO SUCH NEAR TERM STORAGE SHORTFALL EXISTS IN THIS CASE ALTHOUGH, AS A GENERAL MATTER, WE BELIEVE THE JAPANESE UTILITIES ARE ENDEAVORING TO BE COOPERATIVE IN EXPANDING THEIR CAPACITY.

8. THEREFORE, TO ASSIST IN THIS REVIEW, WE WOULD APPRECIATE RECEIVING EMBASSY EVALUATION OF KEPKO CONCERN THAT DENIAL OF THIS REQUEST COULD RESULT IN SUFFICIENT LOCAL REACTION TO FORCE SHUT DOWN OF THESE UNITS, CANCELLATION OF PLANS FOR FOLLOW-ON UNITS OR LEAD TO OTHER ADVERSE EFFECTS. WE WOULD ALSO APPRECIATE ANY OTHER EMBASSY VIEWS AND/OR COMMENTS THAT WOULD ASSIST IN REVIEW OF THIS CASE. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ELECTRIC POWER, NUCLEAR FUELS, FISSIONABLE MATERIALS TRANSFER
Control Number: n/a
Copy: SINGLE
Draft Date: 30 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE136668
Document Source: CORE
Document Unique ID: 00
Drafter: GFHELFRICH:RAE
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780226-0618
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t1978056/aaaaafbx.tel
Line Count: 162
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: b8971c9f-c288-dd11-92da-001cc4696bcc
Office: ORIGIN DOE
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2694743
Secure: OPEN
Status: NATIVE
Subject: KANSAI ELECTRIC POWER COMPANY REQUEST TO TRANSFER IRRADIATED FUEL TO FRANCE
TAGS: TECH, ENRG, FR, JA
To: TOKYO
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/b8971c9f-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014